

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7790

BILL NUMBER: SB 507

NOTE PREPARED: Feb 27, 2003

BILL AMENDED: Feb 27, 2003

SUBJECT: Distribution of Unused Drugs.

FIRST AUTHOR: Sen. Dillon

FIRST SPONSOR: Rep. Hasler

BILL STATUS: As Passed - Senate

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows a pharmacy or pharmacist to donate medications to certain health clinics.

The bill establishes the Regional Drug Repository Program to distribute donated drugs. It requires a health facility to return unused medication that meets specified requirements to the pharmacy that dispensed the medication. The bill allows a pharmacy or pharmacist to accept returned medications from a hospice program.

The bill also requires the office of Medicaid policy and planning to review the process of returning unused medication.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill contains multiple provisions concerning unused medications.

The bill requires a health facility that possesses unused medication that belonged to a Medicaid recipient, that meets the requirements of this bill, to return the medication to the pharmacy that dispensed the medication. It also states that a health facility may return other unused medication as well. In addition, this bill requires a pharmacist to accept the returned medication.

This bill also allows the Board of Pharmacy to enter into a voluntary agreement with certain entities to serve as a regional drug repository. An entity that serves as a repository must hold a controlled substances

registration and may not receive compensation for participating. A repository may accept donated unadulterated drugs from certain entities. In addition, the repository shall redistribute drugs to nonprofit health clinics. This medication can be donated to a: (1) federally qualified health center, (2) rural health clinic, or (3) a nonprofit health clinic that meets certain guidelines. These clinics may experience reduced expenditures for medications to the extent that returned medications can be reused.

This bill requires that the Office of Medicaid Policy and Planning review the process of returning unused medication and the process of reimbursing the Office for unused Medication of a Medicaid recipient. The Office may adopt rules to require a pharmacist to accept medication and may include provisions for a restocking fee. It is assumed that OMPP can perform this review given current staff and resources.

The Office of Medicaid Policy and Planning estimates the annual credit to Medicaid associated with returned medications to be approximately \$1 M per year. State share of this amount would be about \$380,000. This bill requires that: (1) a health facility return unused prescription drugs that belonged to a Medicaid recipient to the originating pharmacy, and (2) the pharmacy accept the returned drugs. Under current regulations the pharmacy is required to credit Medicaid if Medicaid paid for the drugs and the pharmacy intends to resell the unused drugs.

This bill may eventually increase the amount of drugs returned and credited to Medicaid. The total impact is contingent upon the amount of unused prescription drugs returned that were paid for by the state Medicaid program and promulgation of rules.

Explanation of State Revenues: See *Explanation of State Expenditures*.

Explanation of Local Expenditures: (Revised) See *Explanation of State Expenditures*. Potentially reduces clinic expenditures for prescription drugs.

Explanation of Local Revenues:

State Agencies Affected: FSSA.

Local Agencies Affected: Local health clinics

Information Sources: Marc Shirley, Program Director, Pharmacy, Office of Medicaid Policy and Planning, 317-232-4343.

Fiscal Analyst: Michael Molnar, 317-232-9559.